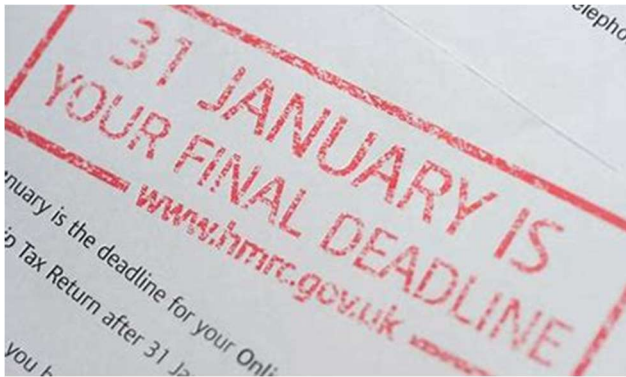


Penalties for Late Self-Assessment Returns

Introduction

The normal due date for a self-assessment return where filed online is 31 January after the end of the tax year to which it relates. This means that self-assessment tax returns for 2017/18 should have been filed online by midnight on 31 January 2019, and self-assessment returns for 2018/19 must be filed online by midnight on 31 January 2020.



Returns do not have to be filed online – paper returns can be submitted. However, an earlier deadline of 31 October after the end of the tax year applies, so 31 October 2018 for 2017/18 paper self-assessment returns and 31 October 2019 for 2018/19 paper self-assessment returns.

A later deadline may apply if the notice to file the return was issued after 31 October following the end of the tax year. In this scenario, the deadline is three months from the date of issue of the notice to file, which will fall after the normal 31 January deadline. For example, if notice is given on 2 December, the filing deadline is the following 2 March. Where the notice to file is issued after 31 July but on or before 31 October, the deadline for filing a paper return is three months from the date of the notice (which will be after the usual 31 October deadline); however, the deadline for filing an online return will remain at 31 January, as this will be at least three months from the notice date.

Late returns

Penalties are charged where tax returns are filed late (unless, the taxpayer can demonstrate that they have a reasonable excuse for filing late which is acceptable to HMRC). The penalties can soon mount up.

A penalty will apply where a paper return is not filed by 31 October after the end of the tax year (or such later deadline as applies where the notice to file was issued after 31 July) or where an online return is not filed by 31 January after the end of the tax year (or by such later deadline as applies where the notice to file was issued after 31 October). If the paper filing deadline is missed, a penalty can be avoided by filing a return online by the online filing deadline.

Penalty amounts

An initial penalty of £100 is charged if the filing deadline is missed. The penalty applies even if there is no tax to pay.

If the return remains outstanding three months after the filing deadline, further penalties start to apply. For online returns, the key date here is 1 May, from which a daily penalty of £10 per day is charged for a maximum of 90 days (a maximum of £900). At this point, it is advisable to file the return as soon as possible – each day's delay costs a further £10 in penalties.



Further penalties are due if the return remains outstanding after another three months have elapsed (i.e. at 1 August where an online return was not filed by 31 January). In this case, the penalty is £300 or, if greater, 5% of the tax outstanding.

A further penalty of the greater of £300 or 5% of the tax outstanding is charged if the return has not been filed 12 months after the deadline (i.e. before the following 1 February).

The penalties can soon mount up, and can reach £1,600 or more where the return is 12 months late. Outstanding returns should be filed as a matter of urgency. Penalties are also charged for any tax paid late.

Recommendation

Attend to your self assessment tax return well ahead of the 31 January deadline. Not only will this avoid expensive penalties, it will allow you time to organise

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your affairs to meet any tax liability which maybe falling due.

Delaying in dealing with your return is pointless, the tax liability will not change and the Penalties will continue to rise. If you are struggling to pay your tax, HMRC will not enter into negotiations of a payment plan if your return was late.

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